

MINUTES
October 4, 2001

Seattle City Employees' Retirement System
Regular Board Meeting

Thursday, October 4, 2001 - 9:30 a.m.
Seattle Metropolitan Credit Union
Conference Room – 3rd Floor

Present: Jan Drago, Dwight Dively, Norma McKinney, Jim Fletcher, Lou Walter, John Curtin and Frank Mathews.

Absent: none

Also Present: Russ Teller – ARSCE, Bill Farrell – ARSCE, Walter North – ARSCE, Barbara Guptill – ARSCE, Leon Harman – ARSCE, Edward Kidd – ARSCE, Jesse Tapp – ARSCE, Jack Fahlstrom – ARSCE, Jim Coover – ARSCE, Roger Howeler – ARSCE, Mel Robertson and Norm Ruggles.

Public Comment: Jesse Tapp said he was disappointed with the level of Board activity for trying to get the improved COLA through the labor contract bargaining process. Jack Fahlstrom said the Board should urge the new mayor to expedite the COLA enhancement process especially for those older retirees who need it most.

Minutes:

Upon motion by Dwight Dively, seconded by Jim Fletcher, the Retirement Board approved the minutes from the September 6, 2001 Retirement Board meeting.

Ratification of Retired Payroll, Office Payroll, other Billings and Withdrawals:

Information: The following items represent normal expenses and nothing extraordinary.

Service	\$ 4,525,360.07
Disability	50,406.27
Beneficiary	560,098.96
Pension Payroll – September 2001	\$ 5,135,865.30

Office Payroll - pay period ending August 28, 2001	\$ 21,670.97
Office Payroll - pay period ending September 11, 2001	\$ 21,670.98

Vouchers Processed - from August 25, 2001 through September 24, 2001	\$ 27,425.07 *
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* \$ 0.00 Expert and Consultant Services

Upon motion by Dwight Dively, seconded by Norma McKinney, the Board ratified the Retired Payroll, Office Payroll, other Billings and Withdrawals.

Immediate Withdrawal of Contributions

Member	<u>Department</u>	<u>Position</u>
Asher,Elsie A	Police	Crossing Guard
Asher,Glen Joseph	Police	Crossing Guard
Burns,Carl	SPU	Asst Engr Tech
Colon,Russell R	SEATRAN	Civil Associate
Cook, Doryaun	Park	Admin Assistant
Drew,Jeffrey T	Park	Maint Laborer
Duong,Ngoc Han Minh	Muni Court	Admin Spec 1
Erickson,Loren D	SEATRAN	Customer Service Rep
Fouts,Ronald G	SPU	IT Professional
Fridley,Kathryn Ann Pavka	Library	Broadcaster
Fritts,Ryan Gerald	TES	Help Desk Analyst
Gero,Janice L	Seattle Center	Laborer
Greenberg,June Ann	Fire	Acct Tech 1
Jones,Paul E	SPD	Admin Spec 1
Maestas, Andrew I.	Seattle Center	Electrician
Malesko,Robert S	Library	Library Associate
McMahon,Diane Kay	Neighborhoods	CSK
Nollendorfs, Aivars P.	Parks	Golf Tech
Novitskey,Jenifer F	Library	Sr.Capital Coord
Ratcliffe,Laurie	ESD	Admin Spec 11
Rautu,Bogdan	DOIT	Unix System Administrator
Ream,Charles Lee	Library	Janitor
Robinson,Curtis	Park	Maint Laborer
Rudge,Michelle Marie	Library	Library Assoc 1
Salyer,Michael	SPU	Water Pipe Apprentice
Sanabia,Melissa H	Police	Dispatcher
Sharp,Katherine R	Park	Temp Employee
Smith, Norma S.	TES	Admin Spec II - BU
Stagner,Kurtis Neal	SPU	WPWA
Tran, Thanh Viet	Library	Library Assoc I
Welander,Brian D	SPU	Credit Rep

Ratification of Service Retirements:

Information: The following list represents the retirements that have been processed since the last Retirement Board meeting.

<u>Member</u>	<u>Retired</u>	<u>Years</u>	<u>Days</u>	<u>Department</u>	<u>Position</u>	<u>Age</u>	<u>Option</u>
Berberich,Meribeth	08/10/2001	20	120	Human Services	Project & Agmt Coord	56	D
Chinn,Ted T.	09/05/2001	30	8	SPU	Meter Reader, Sr.	50	S
Fanning,Delmar L.	08/14/2001	7	227	SPU	Laborer	64	C5,G-50
Freeman,John	09/06/2001	27	189	City Light	Hydro Maint. Machinist	59	C5
Gilbert,Patricia K.	09/06/2001	28	144	Police	Administrative Staff	58	D
Grace,Norine	09/12/2001	10	139	SPU	Project & Agmt Coord Sr	66	S,G-100
Green,Lexor	09/08/2001	11	45	Human Services	Counselor	57	S,F
Hairston,Wilford T.	08/15/2001	26	188	DCLU	Executive 2	55	D
Heilmann,William L.	08/15/2001	25	30	Finance	Database Administrator	66	B
Heiskanen,Reino T.	08/23/2001	21	142	Parks	Electrician	62	E,F
Hiatt,Ronald C. Sr.	08/03/2001	33	218	SEATRAN	Constr Maint. Equip. Oper	62	E
Karosich,James C.	09/12/2001	7	306	City Light	Manager 2	63	C20,G-50
King,James	08/15/2001	12	275	Parks	Recreation Program	57	S,G-100

LeFebvre,Jeffrey	09/05/2001	24	335	Library	Library Associate IV	52	B
Lynne,Cathy	08/02/2001	28	214	Police	Comm Dispatcher III	53	S,F
McCullar,Ruby	08/03/2001	28	8	Police	Pkg Enforcement Officer	66	C5
Okura,Bettie Y.	09/06/2001	30	291	City Light	Senior Material Controller	66	E,G-100
Pond,Bruce	05/29/2001	28	119	City Light	Electrician	55	19b
Sanchez,Raymond O.	09/12/2001	29	113	City Light	Material Supplier	63	C10
Slade,Gene R.	09/04/2001	32	194	Seattle Center	Facilities Lead Worker	65	D,G-50
Slavens, Frank	08/04/2001	30	48	Parks	Zoo Curator	53	E,F
Thompson,Eugene E.	08/11/2001	29	309	City Light	Elctn-Constru. Wkg CC	53	S
Wells,Deanna L.	09/05/2001	28	20	City Light	Accounting Technician II	62	S
Whaley,Jay	09/12/2001	31	82	City Light	Executive 2	58	C15

Upon motion by Dwight Dively, seconded by Norma McKinney, the Retirement Board approved the service retirements listed above, pending final review.

Ratification of Investment Transactions and Statement of Securities and Cash:

Upon motion by Dwight Dively, seconded by Frank Mathews, the Retirement Board approved the Investment Summary report.

Investment Committee Report:

It was announced that the Investment Committee is scheduled to meet at noon on Wednesday, October 31, 2001.

Norm reported on the following activities that occurred at the Investment Committee meeting on September 26, 2001. First, Bill Wurts, performance consultant, discussed the state of the financial markets and said September fund performance will be poor, and that we should expect further volatility. However, he said the markets historically have rebounded after a crisis. Second, representatives of one of our real estate managers, J.P. Morgan Asset Management, gave a presentation to the Committee to explain the reasons for their underperformance. This firm is on the Committee's Watch List. Third, Norm and Mel summarized a meeting they scheduled with Putnam Advisory Co., an international small cap equity manager, to discuss recent performance problems.

Executive Director Report:

The following summarizes the Executive Director's monthly report to the Board:

1. Norm gave a report on how the Retirement System was affected by the events of September 11: a) None of our investment managers were located in the World Trade Center. b) The Bank of New York, our custodian bank, is located in lower Manhattan and had to temporarily move its operations, but its contingency plan was excellent. c) None of our real estate investments were involved. d) Reports are that the U.S. economic recovery will be further delayed at least until mid-2002. e) If City employee Reserve or National Guard members are called to active duty, they will have an opportunity to acquire lost service credit if they return to City employment within 90 days of discharge.
2. We are preparing for the retiree medical annual open enrollment. We're trying to obtain the necessary information on benefit and rate changes as early as possible, and will send this information to retirees as soon as we receive it. The goal is to obtain and mail this information much earlier than last year.

3. Norm distributed to the Board a "Summary of Advantages and Disadvantages of Retirement Options". This document will help explain the numerous retirement options that are available.
4. The domestic equity active large cap investment manager search is progressing. Mel and Norm are considering the proposals of approximately 20 firms that have beaten the S&P 500 Index, net of fees, for at least 7 of the past 10 calendar years.
5. Mel discussed the list of priorities he has prepared for implementing the suggestions made by the City Auditor, and gave an update on the items that have been completed and the projects currently in progress.

Old Business:

(1) Status of Benefit Enhancements	(Old Business)
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Jan Drago commented that the labor contracts are actively being negotiated. Norm Ruggles commented that retirement issues are being discussed and progress is being made. Lou Walter expressed his concern that the negotiations and possible retirement benefit enhancements are not in accord with the Funding Policy that was recently adopted by the Board. He also expressed concern that the Board was not being briefed on the details of the negotiations, and that the Board's role is unclear.

New Business:

Lou Walter asked how service credit is accumulated while employees are collecting Industrial Insurance. Mel and Norm explained that the member accrues service credit based on the hours for which contributions are paid. The member's pay is equal to 80% of compensation while on I&I, resulting in 20% time loss. This is a long-standing practice that is based on the Seattle Municipal Code. The member has an opportunity to purchase the 20% time loss.

Adjournment

Upon motion by Dwight Dively, seconded by Frank Mathews, the Retirement Board voted to adjourn the meeting.

Norma McKinney, Secretary